

Item No	Referred from:	FINANCE, AUDIT AND RISK COMMITTEE
8D	Date:	4 SEPTEMBER 2024
	Title of item:	UPDATED CONTRACT PROCUREMENT RULES FOR 2024-25
To be considered alongside agenda item:		AGENDA ITEM 14

The report considered by Finance, Audit and Risk Committee at the meeting held on 4 September 2024 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 4th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDATION TO COUNCIL: The adoption of the Updated Contract Procurement Rules for 2024-25.

REASONS FOR RECOMMENDATION:

- (1) The Contract Procurement Rules (CPRs) are part of the Council Constitution (under Section 20) and must be regularly reviewed and updated as part of the Council's governance and procurement review processes. This contributes to the Council's system of effective internal control.
- (2) The new CPRs reflect a significant update in line with the requirements of the Procurement Act 2023, incorporating detailed procedural guidance, and enhanced compliance and transparency measures. These changes aim to improve the efficiency, accountability, and effectiveness of the Council's procurement activities.

Audio recording – 50 minutes 14 seconds

The Service Director – Resources presented the report entitled 'Updated Contract Procurement Rules for 2024-2025' and highlighted that:

- The Contract Procurement Rules (CPRs) had been rewritten in line with the new Procurement Act 2023.
- The CPRs would aid compliance of the Act and paragraph 8.1 of the report contained a summary of the changes.
- The changes to the CPRs were detailed in paragraphs 8.3 to 8.9 of the report with further details in the Appendix.
- There was a typographical error in paragraph 8.6 of the report, and it should read as section 22.2 and not section 2.2.
- There would be an increased use of pre-market engagement to gather information at an earlier stage of procurement.
- There would be a move away from Most Economically Advantageous Tender (MEAT) to Most Advantageous Tender (MAT) looking to reduce the reliance on price, whilst keeping other factor such as environmental and social values. This may not feature in all procurements.
- There would be more transparency in relation to notices that had to be issued, both at the start of procurement and during the procurement stages. This was a requirement of the Act and would create more work for Officers. Work would commence to improve processes to reduce this burden.

- Above Threshold amounts were those items above the value set out by the Procurement Act as mentioned in paragraph 8.6 of the report and would be relevant to large contracts such as waste and leisure.
- Procurements below the threshold could be more flexible but still have controls in place to ensure that value for money was delivered.
- The majority of procurements would be below threshold.
- It was noted that construction costs had been significantly affected by inflation and the proposal was to increase some of the limits in relation to works procurement.
- Key Performance Indicators (KPIs) for contract over £5 Million would be introduced and it would be a requirement to publish these details. The public would then be able to monitor and review a contractor as detailed in paragraph 8.9 of the report.
- The new legislation comes into force on 28 October 2024 and there would be a period of time when both rules applied. The Legal team were assisting Officers to ensure the correct version of the procurement rules were in use.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Paul Ward
- Councillor Stewart Willoughby
- Councillor Tina Bhartwas
- Councillor Sean Nolan
- Independent Member John Cannon

In response to questions, the Service Director – Resources stated that:

- The regulated thresholds were set Government, and they did change over time to reflect inflation.
- There were very few current contracts over £5M and the majority of these had been awarded recently under the old rules, e.g. waste and leisure agreements.
- There was the potential to contact suppliers with pre-market questions, this would then help shape the specification for the contract before formal tendering.
- Using the e-tendering system could help to identify companies in the market, relevant companies can sign up to the system gaining a wider contact pool.
- There was no financial impact on updating these rules, however there may be more work for Officers at the start of the process, but this would then lead to a smoother procurement process. The impact was not quantifiable.
- There would be the scope for penalty clauses (e.g. for poor performance) under the new rules, however this was not a change, and current contracts have such clauses.
- The procurement team had commenced their training with the Contract and Procurement Group, and this would be continued with other relevant Officers. There would be a guidance to support the rules.
- There was a contract register on the website and contractors could review and monitor when a contract was likely to be put out to tender.
- The Procurement Bill encouraged procurements to be split into smaller lots to support small businesses. Procurement rules would still be in place for lower valued contracts.
- The new financial system CiA would make it easier to track suppliers and monitor them at a global level.

Councillor Ruth Brown proposed and Councillor Dominic Griffiths seconded and, following a vote, it was:

RESOLVED: That the Finance, Audit and Risk Committee noted the report.

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